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RV BUSINESS

JANUARY 7, 1991

Industry Remains Upbeat at Louisville Show; New Diesel Motorhomes Highlight Offerings

What some had expected to find at the 28th Annual National RV Trade Show was an industry retreating in the face of unsettling economic times. What they found instead at the Nov. 27-30 exposition held in Louisville, Ky., was an industry very much on the attack.

To be fair, attendance figures indicated some bonafide slippage in dealer interest at this year's RVIA-sponsored national trade show.

Dealer attendance numbers, totaling about 3,902 personnel, were down about 13% from 1989, according to Mike Hutya, RVIA vice president of meetings and shows. Total attendance of 8,486 was off about 9% from 1989.

But the general rate of business activity, the wide array of new products introduced, and the business-as-usual tenor of many dealers, suppliers and manufacturers seemed to indicate that these are neither the best nor the worst of times for the RV industry.

Asked to rate this year's Louisville Show, the key trade event of the year for the RV industry, on a scale of one to 10, several manufacturers gave it a six. "All dealers are being conservative," noted Tim Howard, vice president and general manager for the Overland Division of Mallard Coach Co. Inc., Nappanee, Ind.

"Even the optimistic guys are being conservative," he added. "And, I think, the market is such that the product has got to be right. Dealers are buying only what they're dead sure is going to sell."

RV manufacturers have responded to the times with an impressive array of new 1991 models.

A business-as-usual tenor prevailed at the recent National RV Trade Show in Louisville, Ky., where exhibitors displayed an impressive array of new products, and RV makers introduced their 1991 models.

Spurred by the chassis and engine manufacturers, which have been developing new rails with refined diesel engines, and the general public, which seems to swing to fuel-efficient diesels any time there's a concern over gasoline prices, RV makers have developed an array of new forward- and aft-diesel-powered Class A motorhomes targeted at a variety of price points. *(See related story, "Chassis Makers See Long-Term Growth for Diesels," on page 9.)*

The demand for diesel power, RV builders insisted, is measurable. "In a survey we did last summer, we found that 50% of the respondents wanted a diesel engine," explained Don Roberts, vice president of sales for Sportscoach Corp. of America, Elkhart, Ind.

"They thought that the quality problems we had with the diesels in the early '80s had passed," he continued. "The problems scared a lot of people off from the diesels. But, because of the advent of the new Cummins and Caterpillar engines, people seem to have more faith now. Plus, the diesels' fuel economy is much better now."

Accompanying the move to diesel is a trend toward smaller, diesel-pusher type of coaches, in part because of the recent introduction of a new EC2000 rear-engine rail from Spartan Motors Corp., Charlotte, Mich.

"There definitely has been diesel power for decades," noted Ron Frank, board chairman of the Xplorer Motor Home Division of Frank Industries Inc., Brown City, Mich. "But for small diesels now, it is new thinking and new technology, partly made possible by the people who make the diesel engines."

One of the more visible, new diesel products at Louisville was the full-size, bus-style American Eagle Class A pusher from Fleetwood Enterprises Inc., Riverside, Calif.

The upscale Eagle, retailing for a suggested base price of $179,900, represents a logical progression in styling from Fleetwood's upgraded 1991 Limited Class A. It is powered by an 8.3-liter Cummins engine mated to a 26,000-pound gross vehicle weight (gvw) Spartan "raised-frame" rail affording cavernous pass-through storage.

The 38-foot, side-aisle Eagle's

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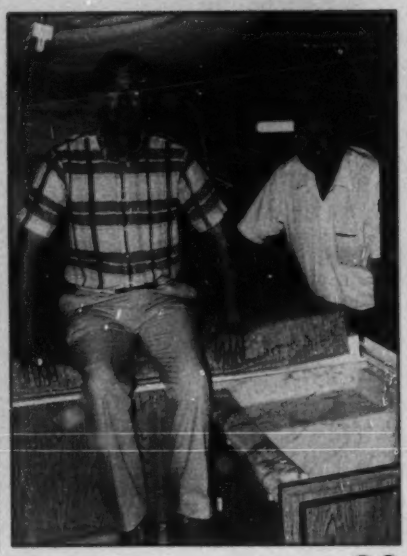

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SERVICE, FIFTH-WHEELS AVOID SLIDE

GAYLORD MAXWELL

October reports from members of our Dealer Advisory Board (DAB) clearly indicated the seriousness of the RV industry's difficulties in functioning in an oil-crisis atmosphere. The decline in sales and profits was becoming more pronounced and, unless a reversal should occur, the tense situation as 1990 ended could get a great deal worse.

Overall, the DAB was down 17% from last year in dollars taken in during the month. Two-thirds of the members were off the mark from October of 1989. The new-unit total was down significantly, and even used units were off 10%. Four of the five RV types were down; three used types fell.

Probably more significant than the above gloomy reports was the fact that bottom lines were bad. There were more poor marks in that category than we have seen in a decade. New inventories were rated higher than normal; the supply of used units also was a bit high; profits were weaker. Lot traffic was rated below normal.

Even in the worst of times (which definitely wasn't the case in October), there's usually some good news. It is important to note that one-third of the DAB took in more dollars in October than they did during October of 1989. One RV type (fifth-wheels) actually was up in new-unit sales; and the service business was good for most of our members. Fortunately, most dealers were headed for a good year before the Persian Gulf crisis erupted, so the year-to-date situation wasn't all that bad.

Motorhomes:

Understandably motorhomes represent "gas hogs" more than any other RV type and, therefore, suffer most when concerns about gas prices are great. After suffering from weak sales all year, motorhome dealers were hurting badly in October. With only one exception, all DAB members who sell that type were down from October 1989. (The exception was that discount merchandise was doing well.) Both new- and used-unit sales were suffering. Fortunately, grosses were fair to good.

It is important to note that one-third of the DAB took in more dollars in October than they did during October of 1989.

Year-to-date, the numbers were better, but they still were the worst of any RV type.

At best, motorhome dealers appear to be in for a rough year.

Travel Trailers:

After a very welcome upswing in the first half of the year, it was regrettable that the tide definitely turned the other way. Most DAB members who stock this RV type were down in October; however, four of them managed to eke out two to three new units more than they did in October of 1989, and the total decline wasn't as great as that for some other RV types. Profits were generally rated fair or good, although there were several poor marks. Used sales were off a bit more than new, and profits generally showed weaker than normal.

Year-to-date, travel trailers were still running ahead of last year in both new- and used-unit sales. However, the gap was closing fast. As of the October reporting, the future did not look very bright.

Truck Campers:

The figures for new-unit sales in October were somewhat misleading due to the small numbers and the fact that two dealers who normally sell several units were blank for the month. However, dealers of this type were struggling, too. Used sales continued their excellent upswing. Profit ratings were quite mixed: half

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	OCT. 1990	OCT. 1989	% CHANGE	1990	1989	% CHANGE	OCT. 1990	OCT. 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	79	128	−38	1,050	1,339	−21	100	114	−12	1,2[illegible]	1,279	− 3
TRAVEL TRAILERS	69	83	−17	1,132	1,021	+11	62	77	−19	987	976	+ 1
TRUCK CAMPERS	10	21	−52	266	313	−15	12	8	+50	197	143	+38
CAMPING TRAILERS	22	28	−21	890	883	+ 2	12	12	0	290	317	− 9
FIFTH-WHEELS	35	29	+21	487	426	+14	30	29	+ 3	274	276	− 1

	FOR MONTH			YEAR-TO-DATE		
	OCT. 1990	OCT. 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	$9,765,000	$11,749,000	−19	$122,354,000	$132,575,000	−8
TOTAL UNIT SALES	431	529	−19	6,824	6,973	−2
NEW-UNIT SALES	215	289	−26	3,841	3,982	−4
USED-UNIT SALES	216	240	−10	2,983	2,991	(-1

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Allman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Don Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Kotelnes,** Marion, Iowa; **Newton Kindland,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Miller,** Fayetteville, N.C.; **Steve Moran,** Warwick, R.I.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipe,** Chattanooga, Tenn.; **Jack Sizemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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DAB *continued*

good, half poor.

These trends were expected to continue.

Camping Trailers:

During the months when sales of this RV type are at their lowest, comparisons of monthly figures aren't very reliable. However, there clearly was a drop in new-unit sales. Profits were almost unanimously on the low side. Used sales were the same as last year.

Year-to-date, new-unit sales were still a bit ahead of last year, but, as with travel trailers, the gap was closing fast.

In a poor economy, blue-collar workers often are the hardest-hit. Unfortunately, they also are the fold-down buyers.

Fifth-wheels:

Fivers were the only "up" category for new units in October. For some reason, buyers of this type were still active, as was reflected in both new and used categories. Another good report: Profits were generally rated good. The year-to-date increase in new-unit sales was the best for any type.

The only explanation for the upswing in this type is that retirees who are looking to purchase travel homes are still very much in the marketplace. Δ

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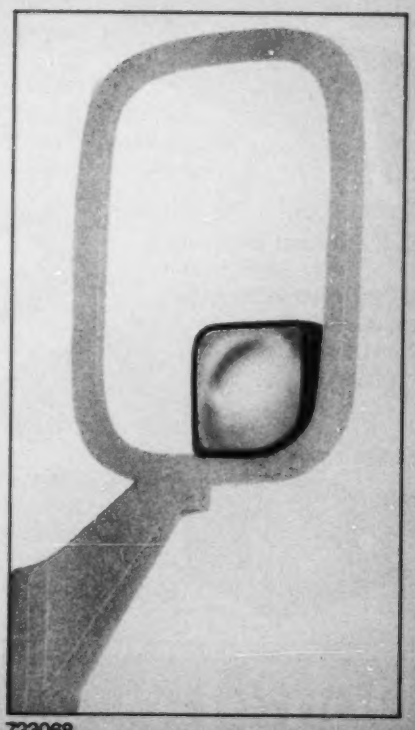
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